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AUTHOR Nadler, Leonard
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ABSTRACT

Human resource development (HRD) and productivity are allies; they are synergistic. Productivity can be defined as an increase of output with no increase in input. An increase in productivity can be accomplished in the workplace through speed-up or capital investment. When productivity improvements are introduced, the philosophy of the organization is an important consideration. Generally, unions support increasing productivity--if the increases are shared with the workers. HRD is organized learning experiences in a specified period of time for the possibility of improving performance or the general growth of individuals. The unique contribution that HRD makes to the productivity effort is through learning. Three activity areas are found within the HRD effort. Training is learning related to the present job of the learner, education is learning related to the future job of the learner, and development is learning that is not job-related. If productivity improvement is desired, management should focus heavily on training, provide education as needed to prepare people for new jobs, and avoid development. Three productivity actions that are examples of the necessary alliance between productivity and HRD are quality circles, participative management, and layoffs. (YLB)

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HUMAN RESOURCE DEVELOPMENT:

ALLIES OR OPPONENTS?

Paper prepared for the
National Productivity Congress
of the
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Singapore
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Leonard Nadler, Ed.D.
The George Washington University
Washington, D.C.

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LEONARD Nadler

September 1983

HUMAN RESOURCE DEVELOPMENT AND PRODUCTIVITY: ALLIES OR OPPONENTS?

The current concern with productivity is certainly understandable. A difficulty we face is that too many people are using the word and too few are bothering to define it. We face the same problem with human resource development (HRD). When I first introduced the term in 1968, people heard it, but there was not much impact. As we moved through the decade of the 1970's, there was increased use of the term, but without people bothering to find out how it was defined.

Consequently, there has been a great deal said and written using those terms, and the result is confusion. If we are to have a meaningful dialogue on these issues, it becomes necessary to first define the terms. By no means am I suggesting that everybody will agree with these definitions. By making them specific, however, we can see whether we do agree, and the extent of our agreement or lack of it. Then we can go on to answer the challenge contained in the title of this paper.

First let us look at productivity and then at HRD.

Productivity

The major confusion, in discussing <u>productivity</u>, is that it is too often used interchangeably with <u>production</u>. These are two very different concepts. It can be illustrated by a simple

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example as shown in Figure 1.

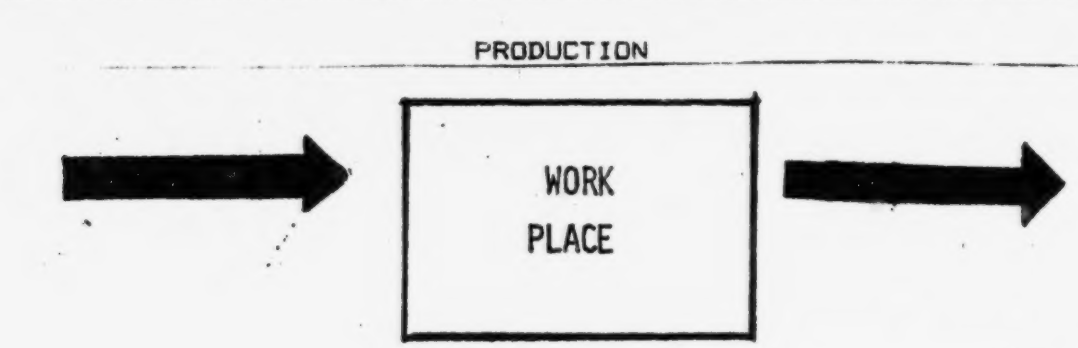

Figure 1

The basic concept of production is that there are inputs, shown by the arrow on the left hand side of the Figure. This produces outputs, as depicted by the arrow on the right hand side. We can quantify these arrows, but that is not necessary at this time for our discussion of the concept of productivity.

Let us assume that you want to increase production. This can be done simply and directly by introducing the necessary additional inputs, as shown by Figure 2.

Of course, there is no guarantee that additional input will produce an equivalent output. For example, the additional input may be additional worker hours. When working overtime, however, the rate of production per worker may be lower due to fatigue and similar elements.

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TO INCREASE PRODUCTION

Figure 2

This can be done simply and directly by introducing the necessary additional inputs, as shown by Figure 2.

Of course, there is no guarantee that additional input will produce an equivalent output. For example, the additional input may be additional worker hours. When working overtime, however, the rate of production per worker may be lower due to fatigue and similar elements.

Despite that, let us continue to explore the relationship by looking at productivity. We start with the same situation as depicted in Figure 1. Once again, our goal is to increase output as was shown in Figure 2.

Now we come to the major difference between production and productivity. We have seen what needs to be done to increase production. For productivity we do not make an additional input! Instead, to increase productivity, we endeavor to increase the output without making any additional inputs as shown in Figure 3.

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TO INCREASE PRODUCTIVITY

Figure 3

Of course, that sounds as if we are talking of magic, or statistical manipulation. There is no question but that there is a measure of both in the way some people approach productivity. There are more rational approaches.

Let us stop for a moment and recapitulate. A simply stated definition of productivity is: increase of output with no increase in input.

Productivity Improvement

How then, can an increase in productivity be accomplished? The clue lies in the box that is between the arrows. We can call this, the "workplace" and it encompasses a broad range of factors.

In some situations, this is done by a practice that has been labelled the speed-up. That is, the worker is required to produce more units per hour. This was depicted by Charlie Chaplin in the classic film "Modern Times". If you did not see the film, you may still have seen or experienced the phenomenon

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in your own work life. The order is given for each worker to produce more, and the machinery is geared to go faster - increase output -without any adjustment in wages. If it works, this can reduce unit cost and raise productivity but the long range cost to the organization can be extremely negative.

There are similar practices that can take place in the "workplace" block. In the past, many of these practices have benefitted the company, with the cost borne by the worker. The result is that the workforce tends to look upon productivity as just another name for increased exploitation. This need not be the case.

There are many areas where management and workers can act together, in the workplace, to increase productivity with benefits to all. I am not offering a "productivity pill" but rather some rational suggestions that have worked in some situations. In addition, I will add some thoughts and suggestions I have received from others, but that are not yet in general practice.

Another way to increase productivity is through capital investment. In the U.S., our steel industry has been criticized for its low productivity. As a result, the steel industry has great difficulty in competing, in price, on the world market, particularly against Japanese and German steel.

There are few who would dispute the fact that there is low productivity in that industry in the U.S. Let us look at a major cause. There has been very little capital investment in that industry over the last 50 years! Many of the plants are using equipment that is even older than that. With such outmoded

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equipment, it is impossible to increase productivity in that industry.

Ironically, the Japanese and German steel industry had an unusual advantage with which, I am sure, most of you are familiar. During World War II, their steel mills were virtually destroyed by allied bombing during World War II and had to be almost totally rebuilt and supplies with new equipment.

I am not suggesting that we need a war in order to replace equipment, though sometimes the workers who must use outmoded equipment may feel that it may take a "bomb" to wake management up to reality. The bomb can be a loss of market, or a profit and loss statement dripping red ink.

Philosophy of the Organization

When introducing productivity improvements, it is important to consider the philosophy of the organization. There has been increased attention to this item, as organizations do have a philosophy. Generally, it is not in writing though the tendency for written statements is increasing.

In a small organization, the philosophy of the Chief Executive Officer (CEO) or the owner can be expected to give it direction. In large organizations, a statement may be drafted for public relations purposes - and it may or may not reflect the reality of the philosophy of the organization.

In place of a statement of philosophy, we tend to look for policy statements - as these should be based on an agreed upon philosophy. If these statements are available, they may represent the philosophy.

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Let me share an example with you, from my own organization. In addition to work I do with various organizations in the private sector, I am also a regular member of the faculty of a university. Some years ago, when concerns about productivity were raised, the following was suggested for universities.

To understand this example, you should know that in most universities there are three levels of academic faculty: professor, associate professor, and assistant professor. The salaries are also in that descending order.

The professor, in the philosophy of the organization, is supposed to be the more experienced, renowned, etc. - working with small groups of graduates or upper level students in seminars and similar learning situations. At the other end of the spectrum is the assistant professor, just starting out. It is expected that the assistant professor will teach the large lecture courses. This the practice in the universities, reflecting the philosophy which generally has not been stated.

To increase productivity, it was suggested that each professor be rated in terms of salary (input) and student hours generated (output). Note then, to increase the productivity of a faculty member, the input would remain the same but the output would have to be increased. In other words, more students per faculty member. This, at first, might seem a logical approach.

Note, however, what happens. The professor, at the higher level of the salary scale must have more students than the assistant professor! This is a contradiction of the philosophy of universities. Fortunately, those productivity efforts have

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been abandoned though the search continues, to find some logical productivity approach that is consistent with organizational philosophy.

Unions

There is still a mistaken belief, held by some, that unions are against productivity. There may be some individual cases, but generally organized labor supports increasing productivity - if the increases are shared with the workers.

There are many reasons for this. When productivity falls off, and workers must be laid off, the union can lose both financially and in image. Financially, as in many cases laid off members do not pay dues. Indeed, they may even receive unemployment benefits from the union.

On the image level, no union can survive if it cannot promise some kind of security to its members. Laid off members may not only leave the union, but may also influence others to change jobs and union affiliation.

On the positive side, we find a recent study conducted by the North Carolina State University in the building construction trade. They found that union labor constructed 38% more square footage per hour than nonunion labor. They attributed this increase to several causes, one of which was "superior training".

Human Resource Development

As with productivity, HRD has many different definitions. The one I will share with you has been in existence since 1968, with only slight variations.

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Human Resource Development is:

- Organized learning experiences
- In a specified period of time
- For the possibility of improving performance or the general growth of individuals.

Let us explore this definition a bit further, particularly as it applies to productivity.

Learning

The unique contribution that HRD makes to the productivity effort is through learning. As noted earlier, there are other ways to increase productivity, and they are necessary. Learning alone will not necessarily increase productivity. But, where learning is needed and not provided, it is doubtful if productivity will increase.

Let us take a look at a situation that has happened all too often. Management, realizing that some equipment is obsolete, makes a significant capital investment in new equipment. Then, management is disappointed because the introduction of the new equipment has not increased productivity. They wait for the results under the impression that, after a passage of time, the new equipment will result in increased productivity.

Instead, they find they have an increase in rejection of material produced by the equipment and increased down time (i.e. equipment out of service) for repairs. The first impression may be that the workers are sabotaging the new equipment. After all, management made a very detailed and elaborate study before purchasing that equipment.

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This is one of those times when management calls in an external consultant. This expert gains the respect and admiration of management, plus a handsome fee, by pointing out a simple oversight. The workers never received the appropriate learning to enable them to use the new equipment! The learning experience is provided, productivity increases, and management is happy.

You would think that management would learn from this experience. Unfortunately, I have seen too many cases where this experience tends to be repeated. Management has neglected to use HRD as a management tool to provide the necessary learning.

Possibility

Let us look at possibility as it appears in the definition. This is important from two aspects. One - HRD people should avoid promising that learning will improve performance. All HRD can do is provide the learning that can lead to performance change.

The second aspect is too often overlooked. After the learning, the worker returns to the workplace. If the learning is not reinforced by the supervisor, it will fade out and nothing will have been achieved.

This emphasizes the necessity for HRD to be part of a system that includes various levels of management. Without such a system, learning can be provided, but have little or no impact on performance improvement and productivity.

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Activity Areas of HRD

Up to this point I have been using "learning" until we could look at the three activity areas found within the HRD effort. Let us look at them, and their relationship to productivity. It will also become obvious that if management does not differentiate among these three types of learning, they may have the wrong expectations and lose the opportunity to use HRD for increasing productivity.

Training

The first area is training, defined as: learning related to the present job of the learner.

There are many reasons to provide training, but the discussion here will be limited to those relating to productivity. Some of the ways to increase productivity are:

- new equipment
- new procedures
- redesign of the workplace

Even from this limited list it is possible to see the implications for training. Though these are all good interventions, introduced to improve productivity, they are almost doomed to fail unless training is provided.

They each require some change in performance. Of course, some performance changes can be effected by engineering or other controlling factors. For the most part, however, new performance requires some kind of learning. It may be formal, (in classes) or informal (as in on-the-job training).

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Education

The next area is education, defined as: learning related to the future job of the learner.

It is important to make this distinction, between training and education. If it is clear, it can provide mutual expectations for the learner, supervisor, and management - rather than the confusion that too often results.

Education is concerned with preparing people for new jobs. Given the rapid changes in technology, that job may not have previously existed in the company. There may not be anybody around who can tell the worker how the job is to be done - nobody has done it before in that organization!

The involvement of HRD in the process should start much before the equipment arrives at the loading dock. The HRD people should be involved in the early decisions about what to purchase.

A frightening example has come to us from the nuclear disaster at Three Mile Island in the U.S. After extensive study, the Nuclear Regulatory Commission reported on some of the reasons. The one of concern to us is that the operators at the plant did not have sufficient education (this does not mean schooling) to handle the new and sophisticated equipment. Also, given the way the control room was set up, it was almost impossible for the operators to perform all the necessary functions.

Perhaps the disaster could have been avoided if HRD people had been involved in the early planning stages of the facility. As they looked at the education that would be needed, they might have been able to show management that no amount of learning

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could overcome the poor design of the control room.

From the viewpoint of productivity, however, management must recognize that the benefits are deferred - until the learner actually gets to the new job. Therefore, do not look for immediate productivity improvements when using education.

Development

The final area is development defined as: learning that is not job related. Rather, it is for the general growth of the individual or the organization.

In general, development is not related to productivity - as it is not job related. Perhaps there are some indirect benefits, but they are too vague for inclusion in a sound productivity improvement program at this time.

Conclusion

If you want productivity improvement, focus heavily on training; provide education as needed to prepare people for new jobs; and avoid development.

When the HRD unit in the organization does not differentiate among these three types of learning, the workforce may receive some sort of learning - but, one cannot anticipate an increase in productivity as a result.

The Alliance

It should be apparent, by this point, that there is a necessary alliance between productivity and HRD. Of course, productivity is not the only goal of HRD, but in this paper the

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concern is with productivity.

Earlier examples of the alliance focused on capital investment and new equipment. These are important, but there are other productivity actions that are not as physical or visible. These may be called "soft" areas, for it is not always possible to measure input/output.

The remainder of this paper will deal with just three of these: quality circles, participative management, and layoffs. By no means are these the most significant, for significance will depend upon the problems and needs of individual organizations, and specific country conditions. These three are being stressed, because too often there are attempts to implement without sufficient attention to the need for HRD.

At this time, productivity is focused on the measurable relationship between input and output. Therefore, most productivity efforts are in manufacturing. This presents a problem when an organization wants to improve productivity in the service sector.

Quality Circles

I am using the term that has come to us from Japan, but the focus should be on the concept rather than the label. For example, two programs that have actively been pursued for many years are called by a different label. Black and Decker is a small tool manufacturer in the U.S. They have called their program the Value Improvement Program. Motorola, a large manufacturing company has called their effort in this area the Performance Improvement Program.

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Essentially, the term "quality circles" has come to mean involving workers, at the plant floor, in the identification and solution of production problems. It is not a haphazard activity, but one that requires a structure and reward system.

Many such efforts have failed, and predictably so. They have been announced by management with the expectation that, once the announcement was made, the process had begun. Actually, many in the organization tend to ignore such management announcements - as they have in the past. What is needed is something more, and HRD is part of it.

The first effort is to have management learn (HRD) what a quality circle is, how it works, expectations, etc. Until upper levels of management have been through this learning, little will happen. If upper management contend that they do not have the time, etc., then how can they expect others in the organization to go through the process?

For top management, the "shop floor" is the executive suite. Productivity improvement, through a QC type of effort, should start at the very top. It will provide benefits to the organization, though perhaps not in measurable productivity. It will, however, communicate to the organization that upper management is concerned and knows what it takes to be an active part of a QC.

Then, the QC effort can be slowly introduced throughout the organization. Some Japanese experts on QC have maintained that it can take as much as ten years between the introduction at the upper management level and results at the shop floor.

As the QC effort is spread through the organization, it

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requires training at each level. In some situations, it will only be necessary to train the QC group leaders. It has been suggested that all of those involved should receive the appropriate training in how to participate as a QC group member.

Participative Management

It has now been generally agreed that participative management is one way of increasing productivity. The more the workforce, at all levels, is involved in management concerns, the more likely that they will become more productivity conscious.

The concept of participative management was recognized in the U.S. in the late 1950's through the work of Douglas McGregor, Abraham Maslow, and others. During that time, and into the early 1960's, I was a Training Officer with our foreign aid program in Japan. I sent over 5,000 Japanese to the U.S. for training and education.

One of the points they noted was the movement towards participative management. They brought it back to Japan, adapted it (not adopt) and made it work. People now come from many countries of the world to Japan to study this activity.

Much can be learned from Japan, but perhaps much more can be learned from the U.S. - and why participative management did not work at that time. There have not been any in-depth studies, but let me share with you my observations on this point.

There are several factors that can be identified that mitigated against success in the U.S. - at that time. One is outside the area of productivity. Rather, it relates to a general feeling the was pervasive at the time.

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We had entered the space age, a period of high technology, and the feeling was that technology could provide the answer to all problems. Indeed, some looked at our social problems and said, "If we can get a man on the moon, we can get a man out of the ghetto." Presumably, the same or similar technology could solve social problems. Technology might also solve organizational problems, so participative management was not considered necessary.

For another, we were into the period of the computer. As Norbert Weiner had said in 1948, the computer can control our behavior. That is, we will produce the behavior that the computer can use, and discard that which the computer cannot use. As regards participative management, his statement was true - at that time. As improvements through participative management could not be quantified, could not be fed into the computer, efforts at participative management declined.

As for HRD and participative management, there was a woeful lack of learning in how to function in participative management. We did some extensive training of managers, particularly in the theories of participation, styles of leadership, etc. We did all too little in linking the instruction to performance.

We also appear to have made the error of training the managers, but not the rest of the work force. If they were to "participate", many workers at many levels needed to be trained in how to function in the participative situation.

The appropriate training had not been provided to enable people, other than managers, to learn how to function in the

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participative management situation.

We have learned and are doing some of that now. It has been a costly mistake over the past 20 years - and we have paid for it in a variety of ways.

Layoffs

It may, at first, seem peculiar to discuss layoffs - a decline, when we are discussing productivity that should lead to increases.

There is a lesson be to learned from the high unemployment of recent years, particularly in highly industrialized countries. For a variety of reasons, and significantly because of constantly changing technology, most industrialized countries must expect periods of structural unemployment. Essentially, this is unemployment caused by a change in the structure of the workforce.

For example, some of the new technology (e.g. robots) can put people out of work. At the same time, it can open up jobs that never existed before (e.g. robot installers and repairmen). What should a country do when it is faced with structural unemployment?

For one, it should not treat it the same way as the more traditional unemployment, caused by economic factors. In the traditional situation, when the economy improves, those laid off go back to work. In structural unemployment, those laid off do not have jobs to go back to. Their jobs no longer exist.

One approach is to provide massive education efforts for the structurally unemployed, so they can learn those competencies

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required for different positions than they previously filled. If the country, and its private sector, will make that investment during the period of layoffs due to structural unemployment, there can be a more rapid recovery. The educated workers will then be ready to move immediately into the new jobs with a satisfactory level of productivity. Without the learning, their productivity will be at a low level and will be costly to the economy generally, and to their new employers specifically.

I recognize that this is a difficult concept for some people to accept. When there is unemployment, welfare payments go up and tax collections go down. The government, and the private sector, have much less to work with in the way of discretionary funds. Despite this, the intelligent use of those financial resources, in a time of unemployment, can have significant productivity benefits in the future.

This has been recognized by the auto industry in the U.S. The union, the United Auto Workers, and the employers have recognized that of the more than 200,000 workers laid off, only a small portion will ever again be employed in the auto industry. They have joined in projects to provide education (often mistakenly referred to as retraining) so that the laid off workers will be able to move into other jobs in related industries. In a sense, it is a gamble. We will not know whether it will provide the return expected until those educated workers move into their new jobs.

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Conclusion

By now it is obvious that my position is that HRD and productivity are allies. They are synergistic. They need each other and can help each other.

The challenge that faces us is to identify those target areas where they can work together to improve productivity for the benefit of all.

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